

keep  
foreclosure  
from getting  
too close to  
home.

# Tips to Avoid Foreclosure

## Pre-qualify potential buyers.

An assumable VA loan is very attractive to potential buyers and may make it easier for you to sell your home. However, if you transfer your loan without obtaining a release of liability, you are responsible for the entire term of the loan, even if the assumer defaults. So don't let that loan come back to haunt you by letting a stranger assume it. Your buyers should be qualified and you should obtain a release of liability from VA before you let your loan be assumed. If you've already sold your home you may still obtain a release of liability if the buyer qualifies. Contact your local VA office.

# VA Programs That Help

## We offer financial counseling.

If you find yourself having trouble meeting your mortgage obligation, contact VA for assistance. We can help you budget and communicate with your lender to set up a repayment plan.

## Buying loan from lender.

In cases where the default is temporary and the lender will not cooperate or listen to you, VA may be able to buy your loan from the lender. You would then make your payments to VA. This program requires qualification under VA income and credit standards.

*"To care for him who shall have borne the battle,  
and for his widow, and his orphan."*— ABRAHAM LINCOLN



## Compromise Sale (Short Payoff)

If there's a problem making  
payments, it's always better

to sell a property than to allow it to go into  
foreclosure. VA's Compromise Sale or Short  
Payoff Program makes it easier for owners to  
avoid foreclosure by selling their homes  
quickly.

When you receive an offer that's lower than  
your total loan indebtedness, you can ask VA  
to approve a compromise sale. We'll review  
the situation with your mortgage company,  
and if approved, pay the difference between  
your mortgage balance and the proceeds of  
your sale.

We then arrange for you to pay that difference  
back to us. If you had let the property go into  
foreclosure, and VA had to pay a claim to  
the lender, you would usually owe us a larger  
amount than with a pre-arranged, compromise  
sale.





## **Deed in Lieu of Foreclosure (Quit Claim Deed)**

In this program, VA will consider taking the deed to a home instead of foreclosing on it. The property is deeded to VA, releasing the homeowner from debt.

This program is for extreme situations, where there is no foreseeable income due to a hardship such as job loss. While it allows you to avoid foreclosure, it also means you lose any equity in the property. We encourage owners to think very carefully before choosing this alternative, and require written justification as to why it's necessary. If a deed is accepted in lieu of foreclosure, you would be required to vacate the property within 30 days.

The Deed in Lieu of Foreclosure Program is available only to mortgage holders who have clear title (e.g. no second mortgages) to their property.

**Department of Veterans Affairs  
Box 25126  
155 Van Gordon Street  
Denver, CO 80225**

**We can't  
help if we  
can't find  
you.**

Always notify VA if you move,  
or if your loan status has  
changed (e.g. you've sold  
your home and the loan was assumed by a  
new buyer).

**If you've  
got a  
problem,  
talk to us.**

The Department of Veterans  
Affairs has several programs  
that are designed to help  
veterans (and non-veteran homeowners who  
have a VA loan) avoid foreclosure.

For more information on any of the programs  
described, contact the Department of  
Veterans Affairs Regional Loan Center  
Toll-Free at 1-800-319-9446.

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